

Disability Benefits

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Introduction

The financial crisis that often accompanies a disability can be as devastating as the disability itself. Unfortunately, many American workers have no disability protection beyond that provided by Social Security. As a member of SDRS, however, you may qualify for SDRS disability benefits that will supplement Social Security or provide valuable income replacement even if you do not qualify for Social Security disability benefits.

This brochure explains the SDRS disability benefits including the application and approval process and how to calculate the amount of your SDRS disability benefits.

SDRS Disability Benefits Eligibility Requirements

You are eligible to apply for disability benefits after you have three or more years of consecutive contributory service in SDRS. If you are injured on the job, however, you may apply immediately, regardless of the length of your membership.

If you have already quit working as a result of a condition that occurred while you were employed and are no longer making monthly contributions to SDRS, you have three years from your last contribution date to apply for disability benefits. You must be able to prove, though, that you were disabled at the time you left employment. You are not eligible for disability benefits if three or more years have passed since your last contributions to SDRS or if you are receiving a retirement benefit.

SDRS Definition of Disability

A disability is defined by SDRS as any medically determinable physical or mental impairment occurring before age 65 that is expected to last one year or more and prevents you from performing the usual duties of your job. Any condition that results from willful or self-inflicted injury does not qualify as a disability.

The Disability Application and Approval Process

The disability approval process involves three participants: you, your employer, and SDRS. Each participant has distinct responsibilities in the process.

Your Responsibilities

1. First, you must thoroughly discuss with your employer the physical or mental impairment that prevents you from performing the usual duties of your job and ask for accommodations. Sometimes, workplace accommodations can be made to enable you to continue to perform the usual duties of your job. Also, if you are unable to perform the usual duties of your job, your employer may have comparable level employment¹ with duties you can perform. Visiting with your employer may result in changes so you do not have to consider applying for disability benefits.
2. After discussing the situation with your employer, either you or your employer may contact SDRS to obtain a disability application form.

¹ Comparable level employment is defined as a different job with similar pay that your education, training, or experience enables you to perform.

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3. You must complete and return the SDRS disability application.
 4. You will then receive additional information and a letter from SDRS explaining how to gather the necessary medical documentation to support your disability claim. **It is your responsibility to ensure that SDRS receives all of the necessary documentation, including updates of medical records and records from subsequent medical visits and evaluations.**

Your Employer's Responsibilities

1. Your employer must discuss with you any possible workplace accommodations for your current job. If performing the usual duties of your current job is no longer possible, your employer will discuss any available comparable level employment with you.
2. These preliminary steps are necessary to enable your employer to complete and return the Participating Unit Statement and Participating Unit Questionnaire. Your employer must certify your inability to perform the usual duties of your job and your inability to perform another job of comparable level. Other documentation (i.e., job description, performance evaluation, salary history, etc.) must also be submitted to SDRS before your application can be evaluated.

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3. When you have ended your employment, your employer will submit Form B-1, "Termination of Contributory Service," to SDRS. Note: If you are on sick leave or annual leave and continuing to make contributions to SDRS, you may wait until a decision on your application is reached before contributions are terminated. However, no disability benefit will be paid until the termination form and final contributions are received by SDRS.

SDRS Responsibilities

1. An SDRS disability benefit specialist will review your application for disability benefits to verify you are eligible to apply for disability benefits. If you are not eligible, you will be advised in writing why you are not eligible and of your right to appeal the decision.
2. If you are eligible to apply for disability benefits, the disability benefit specialist will then compile information submitted to SDRS by you, your employer and your medical providers. The application for disability benefits and file will be presented to a Disability Advisory Committee.

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3. The Disability Advisory Committee (consisting of a physician, an attorney and a vocational rehabilitation specialist) will evaluate your application for disability benefits, including all material submitted, and will recommend approval or denial of your application for disability benefits to the SDRS administrator. The committee may also defer your application to examine additional records or to request an Independent Medical Examination, a Functional Capacities Assessment or other evaluation before submitting a recommendation to the administrator.
 4. The SDRS administrator will then approve, deny, or defer your application for disability benefits based on the committee's recommendation and information and evidence contained in your application and file. If your application for disability benefits is denied, your denial and right of appeal will be provided to you in writing.
 5. If your application for disability benefits is approved, SDRS will verify the end of your contributory service and will then advise you of the amount of your SDRS disability benefit.
 6. SDRS will conduct an annual review to determine if you continue to be disabled. Your disability benefits from SDRS will continue only as long as you remain disabled.
 7. Each year you will be responsible for reporting your prior year's earnings to SDRS by May 31st. You will receive the request for this information in March of each year. Failure to report may effect payment of your disability benefit.

Your Rights to Appeal

If your application for disability benefits is denied, you will have 30 days to appeal the decision. A letter of appeal must be sent to SDRS by either you or your attorney. You have the right to use an attorney during an appeal.

Upon receiving your letter of appeal, SDRS will contact you or your attorney and schedule a hearing before a hearing examiner. After the hearing, the hearing examiner will make a recommendation to the SDRS administrator. The administrator will review your appeal by considering the hearing examiner's recommendation. The administrator makes the final agency-level decision on all appeals.

If your appeal is approved, SDRS will begin monthly disability benefits retroactive to the month following the termination of your contributions. If the administrator does not approve your appeal, the administrator's decision can be appealed by you through the state court system.

Amount of SDRS Disability Benefits—The First 36 Months

The first 36 months of SDRS disability benefit payments are designed to provide you with a higher level of income replacement during the initial years of your disability when medical expenses are typically high and the Social Security Administration may be processing your disability application.

If you are approved for an SDRS disability benefit, your initial benefit will be:

- 50 percent of your final average compensation immediately preceding the date of disability

PLUS

- An additional 10 percent for each of your dependent children under age 19 or for each of your dependent disabled children of any age (up to a maximum of four children).

This disability benefit will be paid monthly for 36 months if you remain disabled, regardless of any disability payments you may receive from other public sources such as Social Security. (However, if you receive earned income that, together with your SDRS disability benefit, exceeds your highest indexed final average compensation, SDRS will reduce your disability benefit payments by the amount in excess of your indexed final average compensation.)

Amount of SDRS Disability Benefits—37th Month and After

Beginning with the 37th month and thereafter, SDRS will adjust your benefit to coordinate with any Social Security disability payments. Most SDRS members who qualify for SDRS disability benefits will also qualify for Social Security disability payments. The amount you receive from SDRS will depend upon whether you are eligible for and receiving Social Security disability payments.

If you are receiving Social Security disability payments at the beginning of the 37th month or thereafter, your SDRS disability benefit will be the greater of:

- The SDRS disability benefit you have been receiving, less the amount of your Primary Social Security payment

OR

- An amount equal to your SDRS retirement benefit calculated as of the date of disability.

Regardless, the minimum disability benefit you will receive from SDRS will be 20 percent of the compensation on which the initial disability allowance was based.

If you are not eligible for and not receiving Social Security disability benefits at the beginning of the 37th month, your SDRS disability benefit will be the greater of:

- 20 percent of your final average compensation

OR

- An amount equal to your SDRS retirement benefit calculated as of the date of disability.

All disability benefits are paid monthly. If your SDRS disability benefit, your Primary Social Security payment and your earned income exceed your indexed final average compensation, your SDRS disability benefit will be decreased by the amount in excess of your final average compensation.

On July 1 of each year, SDRS will automatically increase the amount of your SDRS disability benefit by a cost-of-living adjustment (prorated the first year if less than 12 months of benefits have been paid).

Disability and Retirement

If you are approved for SDRS disability benefits, as long as you remain disabled, you will continue to earn credited service toward retirement until normal retirement age (age 65 for Class A and Class B Judicial members and age 55 for Class B Public Safety members). When you reach age 65, your disability allowance will automatically convert to a retirement benefit. However, if you begin receiving an SDRS disability benefit after age 60, you will be eligible to receive SDRS disability benefits until 60 months of disability have been paid. You may choose to switch to a retirement benefit as early as age 55 (age 45 for Class B Public Safety) if eligible. If you wish to choose this option, you must notify SDRS.

If your disability benefit is automatically converted to a retirement benefit, SDRS will use your final average compensation on which your initial disability allowance was based, and increase it by the cost-of-living adjustment for each year you were receiving disability benefits from SDRS.

Important Points to Remember

Applying for disability benefits from SDRS does not mean that you will be approved for disability and receive a benefit. You must satisfy the SDRS definition of disability and meet the eligibility requirements.

The complete submission of information pertaining to your application for disability benefits is essential to the prompt processing of your application.

Check with your employer about possible continuation of life and health insurance while on disability.

For More Information

For additional information about SDRS disability benefits, contact SDRS in Pierre at the address or phone number below.

South Dakota Retirement System
P.O. Box 1098
222 East Capitol Avenue, Suite 8
Pierre, SD 57501
(888) 605-SDRS
(605) 773-3731

For general information about SDRS, visit the website at: <http://www.sdrs.sd.gov>

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